

Message Text

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PAGE 01 STATE 111183
ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 COME-00 TRSE-00
AGRE-00 LAB-04 SSO-00 INRE-00 NSCE-00 ICAE-00
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01
SP-02 SOE-02 OMB-01 DOE-15 /110 R

DRAFTED BY EB/ITP/EWT:HLCLARKE:CLP
APPROVED BY EB/ITP:WBARRACLOUGH
STR:DMCMINN
EUR/EE:SFROMOWITZ
COMMERCE/BEWT:JBURGESS(DRAFT)
L/EUR:JCROOK
COMMERCE/BIEPR:MMALASHEVICH

-----130603 021521Z /75

O R 021459Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST IMMEDIATE
INFO USMISSION GENEVA

C O N F I D E N T I A L STATE 111183

USMTN

E.O. 11652: GDS

TAGS: EEWT, ETRD, MTN, RO

SUBJECT:ROMANIAN RECIPROCITY IN MTN AND RENEWAL OF
U.S.-ROMANIAN TRADE AGREEMENT

REF: BUCHAREST 2853, STATE 102880

1. ROMANIAN POSITION OUTLINED REFTEL RAISES SERIOUS QUEST-
IONS ABOUT PROSPECTS FOR TRADE AGREEMENT RENEWAL. WE
APPRECIATE EMBASSY'S PLANS TO RAISE THIS PROBLEM WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 111183

BURTICA. WHILE WE CAN UNDERSTAND THAT ROMANIAN MISSION IN
GENEVA MIGHT HAVE BEEN LEF; WITHOUT EXPLICIT INSTRUCTIONS,
WE ARE INCREDULOUS THAT DUMITRESCU WOULD DECLINE TO RE-
AFFIRM A COMMITMENT MADE BY ROMANIA IN THE TRADE AGREEMENT.
GIVEN OUR FLEXIBILITY REGARDING THE NATURE AND TIMING OF
ROMANIAN CONCESSIONS (STATE 102880), DUMITRESCU'S QUIBBLING
ABOUT ROMANIA'S BARGAINING POSITION SEEMS IRRELEVANT. WE

DO NOT UNDERSTAND HOW ROMANIA COULD "TIP ITS HAND" BY AGREEING TO RECIPROCATATE IN PRINCIPLE, UNLESS DUMITRESCU ANTICIPATES THAT LDC'S AS A GROUP WILL REFUSE ALL RECIPROCITY. EVEN IF THEY DO, ROMANIA WILL STILL HAVE A BILATERAL COMMITMENT TO US.

2. SOME FURTHER COMMENTS ON OUR PRIORITIES AND TIMING PROBLEM:

(A.) OUR BASIC REQUIREMENT IS FOR A REAFFIRMATION OF ARTICLE I, PARAGRAPH 3 OF THE TRADE AGREEMENT, PARTICULARLY NOW THAT THERE HAVE BEEN TWO CONVERSATIONS WITH RESPONSIBLE OFFICIALS (PETRESCU, DUMITRESCU) WHICH CAST DOUBT UPON ROMANIA'S INTENTIONS. WITHOUT IT, WE CANNOT REQUEST THE PRESIDENTIAL DETERMINATION REQUIRED TO RENEW THE AGREEMENT. ALTHOUGH THE LANGUAGE OF THE TRADE AGREEMENT IS MORE GENERAL, SECTION 405(B)(1)(B) REFERS TO "ACTUAL OR FORESEEABLE REDUCTIONS IN U.S. TARIFFS AND NONTARIFF BARRIERS, " AND THE CONGRESSIONAL SUBCOMMITTEES CONCERNED KNOW THAT THE U.S. MTN OFFER HAS BEEN ON THE TABLE IN GENEVA FOR SEVERAL MONTHS.

(B.) THE URGENCY OF OUR NEED FOR A POLICY STATEMENT LIES IN THE DESIRE OF CONGRESSIONAL COMMITTEES TO HOLD HEARINGS ON THE WAIVER AND RENEWAL AT ONE TIME -- WHICH WE BELIEVE IS VERY MUCH IN ROMANIA'S INTEREST. TO DO SO, THE COM-
CONFIDENTIAL

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PAGE 03 STATE 111183

MITTEES WANT TO HAVE THE PRESIDENT'S DETERMINATION ON MTN RECIPROCITY AT THE SAME TIME THAT THEY CONSIDER THE WAIVER. AS THE EMBASSY IS AWARE, THE PRESIDENT MUST RECOMMEND EXTENTION OF HIS WAIVER AUTHORITY BY JUNE 3 OR IT WILL LAPSE. OUR PROMISE TO DELIVER THE NECESSARY MATERIALS TO THE WHITE HOUSE BY MAY 8 IS ALREADY IN JEOPARDY, AND WILL CONTINUE TO SLIP UNTIL ROMANIA'S POLICY ON RECIPROCITY IS CLARIFIED.

(C.) WE REQUESTED DISCUSSION OF OUR NTM REQUESTS SO THAT WE WOULD HAVE EVIDENCE OF ROMANIA'S INTENTIONS. WE DID NOT, OF COURSE, EXPECT ANY SPECIFIC COMMITMENTS BY ROMANIA AT THIS TIME, ALTHOUGH WE WILL REQUIRE SPECIFIC COMMITMENTS WITHIN THE CONTEXT OF THE MTN. WE STILL THINK IT WOULD BE USEFUL TO CITE A PRELIMINARY DISCUSSION OF OUR NTM REQUESTS IF WE ARE QUESTIONED BY CONGRESS ON THE PRESIDENT'S DETERMINATION. SUCH A DISCUSSION IN GENEVA SOMETIME THIS MONTH WOULD MAKE OUR POSITION MORE CREDIBLE, BUT IT IS NOT AN ESSENTIAL ELEMENT FOR THE DETERMINATION.

3. GIVEN EMBASSY'S ASSESSMENT THAT THE PROBLEM MAY BE A LACK OF COORDINATION BETWEEN BILATERAL AND MULTILATERAL

POLICIES, EMBASSY SHOULD CONSIDER ALERTING OTHER KEY
OFFICIALS IN MINISTRY OF FOREIGN TRADE -- PERHAPS
MARGARITescu OR FOTA, WHO PARTICIPATED IN THE JOINT
COMMISSION DISCUSSION OF THIS TOPIC. IF AMBASSADOR'S
MEETING WITH BURTICA IS NOT SCHEDULED FOR NEXT FEW DAYS,
YOU SHOULD PRESS FOR A POSITIVE RESPONSE AT, FOR EXAMPLE,
THE DEPUTY MINISTER LEVEL. IN SUPPORT OF EMBASSY'S EFFORT
WE PLAN ALSO TO EXPRESS OUR CONCERN ABOUT FURTHER DELAY IN
THE PRESIDENTIAL DETERMINATION ON MTN RECIPROCITY TO
AMBASSADOR NICOLAE THIS WEEK, RECALLING HIS MEETING WITH

DAS BARRACLOUGH IN DECEMBER. VANCE

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Message Attributes

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